

there was a significant volume of repatriation of Canadian funded debt from that country. Although overshadowed by the size of the tremendous inflows of more than \$900,000,000 from the United States, which were about four times larger than in 1955, the movements in long-term forms in 1956 from the United Kingdom and from other overseas countries also rose sharply. While overseas countries have not, as a general rule, been an important source of debt capital for Canada for many years past, their demand for Canadian portfolio equities, together with some major direct investments in Canada and the placement of some new Canadian issues in European markets, brought the total inflow in long-term forms to more than \$425,000,000 for the year. This was more than double the figure for 1955 and was far in excess of any year since the commencement of regular official balance of payments statistics in 1926.

Again in contrast to 1955, there was a decline in 1956 in the Canadian dollar holdings of foreigners, and an increase in official holdings of gold and foreign exchange; all other capital movements in 1956 were, on balance, about half the net movement in the previous year. A great variety of transactions, mainly short-term in character, comprise this latter group. Although outflows were substantial they were more than offset by inflows. Among the outflows was a rise in Canadian holdings of short-term assets abroad. Inflows included borrowing by finance companies, other capital transfers by financial institutions and an apparently large rise in net payables on commercial account.

Closely related to the developments described above was the persistent strengthening in the exchange rate for the Canadian dollar during 1956 which contrasts with the weakening that occurred in 1955. The monthly trend in the value of the United States dollar in Canada for some years is presented in Table 3 of Part I of this Chapter.

Comments and statistics on the effects of the unprecedented capital inflows of recent years upon the ownership of investments in Canada will be found in the Section on Canada's International Investment Position in Chapter XXV.

1.—Current Account between Canada and All Countries 1937-56

(Millions of dollars)

Year	Current Receipts ¹	Current Payments ²	Net Balance including Mutual Aid Exports	Wartime Grants and Mutual Aid	Net Balance on Current Account indicating Net Movement of Capital
1937.....	1,593	1,413	+180	—	+180
1938.....	1,361	1,261	+100	—	+100
1939.....	1,457	1,331	+126	—	+126
1940.....	1,776	1,627	+149	—	+149
1941.....	2,458	1,967	+491	—	+491
1942.....	3,376	2,275	+1,101	-1,002	+99
1943.....	4,064	2,858	+1,206	-518	+688
1944.....	4,557	3,539	+1,018	-960	+58
1945.....	4,456	2,910	+1,546	-858	+688
1946.....	3,365	2,905	+460	-97	+363
1947.....	3,748	3,699	+49	—	+49
1948.....	4,147	3,696	+451	—	+451
1949.....	4,089	3,912	+177	—	+177
1950.....	4,297	4,574	-277	-57	-334
1951.....	5,311	5,683	-372	-145	-517
1952.....	5,858	5,494	+364	-200	+164
1953.....	5,737	5,934	-197	-246	-443
1954.....	5,520	5,668	-148	-284	-432
1955 ^a	6,072	6,548	-476	-222	-698
1956 ^b	6,594	7,809	-1,215	-157	-1,372

¹ Includes Mutual Aid exports.

² Excludes Mutual Aid offsets.